2019 Wisconsin Clean Diesel Grant Program - Application Instructions

Summary

The Wisconsin Department of Natural Resources (DNR) is soliciting proposals from eligible entities for participation in the State of Wisconsin's federal fiscal year 2019 Diesel Emissions Reduction Program (DERA) in Wisconsin. This document provides information on who is eligible to apply for funding, eligible vehicles, projects, funding and match requirements, information on how to apply, the timeline of events, and evaluation criteria and scoring.

Information about the 2019 DERA program is available at:
http://dnr.wi.gov/Aid/CleanDiesel.html.

DERA Grant Program Overview

The U.S. Environmental Protection Agency (EPA) is authorized to support grant, rebate, and loan programs administered by eligible states and territories that are designed to achieve significant reductions in diesel emissions. Through DERA, EPA makes annual allocations available to eligible states and territories in the form of assistance agreements under the State Clean Diesel Grant Program. States can elect to match EPA funding to increase the amount available for projects.

Available Funding

Approximately $770,000 is available in 2019 to fund eligible diesel emissions reduction projects in Wisconsin.

Eligible Entities

2019 DERA grant funding is available for profit, nonprofit, and public entities that own or operate diesel fleets and equipment in any county in Wisconsin. In addition, applicants must meet the following criteria:

- Be headquartered in Wisconsin or have an operational base office in Wisconsin.
- Own the engine, vehicle, or equipment being replaced or, if leased, must be able to provide a written statement from the owner giving permission to participate in the program.
- Be able to meet the minimum cost-share requirements, as applicable.
- Have an Affirmative Action Plan if requesting $50,000 or more, unless exempt, or will have one in place if awarded. The complete instructions for Affirmative Action Requirements can be downloaded from http://vendornet.state.wi.us/Vendornet/doaforms/DOA-3021P.pdf.

Ineligible Entities

Federal and state government agencies and employees are not eligible to receive funding from Wisconsin's 2019 DERA Grant Program. Ineligible applicants also include entities or individuals that are currently suspended or debarred by the State of Wisconsin or the federal government.

Eligible Projects

A broad range of diesel emission reduction solutions are eligible for DERA grant funding. Projects must include one or more of the following diesel emission reduction solutions that utilize a certified engine configuration and/or a verified technology:

- Diesel engine retrofit technologies
- Engine upgrades and remanufacture systems
- Idle reduction technologies
- Engine replacement
- Vehicle and equipment replacements

Eligible on-road or nonroad vehicles and equipment are:

- School buses (of Type A, B, C, and D);
- Medium-duty and heavy-duty transit buses (defined as Class 5 through Class 8);
- Nonroad engines, equipment, or vehicles used in:
    - Construction;
    - Handling of cargo (including at a port or airport);
    - Agriculture;
    - Mining; or
    - Energy production (including stationary generators or pumps)

Engine, vehicle, and equipment replacement projects must also satisfy the following criteria:

- To be eligible for replacement, the replaced vehicle, engine or equipment must be fully operational, use diesel fuel, and be in current, regular service.
- The replacement vehicle, engine, or equipment will continue to perform similar function and operation as the vehicle, engine, or equipment that is being replaced.
- The replacement vehicle, engine, or equipment will be of similar type and gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.
    - Nonroad: Horsepower increases of more than 25 percent will require specific approval by EPA prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
    - Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle. The engine's primary intended service class must match the vehicles weight class
- The vehicle, equipment, and/or engine being replaced must be scrapped and rendered permanently disabled within ninety (90) days of being replaced.

A comprehensive list of eligible projects can be found in Appendix A (attached).

Ineligible Projects

Funding is not available for the following projects.

- Emissions testing: No funds awarded under this program shall be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.

- Fueling infrastructure: No funds awarded under this program shall be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, or other fuels.
- Mandated measures: No funds under this program shall be used to fund the costs of emissions reductions that are mandated under federal law.
- Fleet expansion: Funding under this program cannot be used for the purchases of vehicles, engines, or equipment to expand a fleet.
- Auxiliary power units: No funds awarded under this program shall be used for the purchase of APUs or generators for vehicles with engine model year 2007 or newer.
- Replacement technologies: No funds awarded under this program shall be used for the purchase of engine retrofits or idle reduction technologies if similar technologies have previously been installed on the vehicle, engine, or equipment.
- Nonroad operating hours: No funds awarded under this program shall be used to retrofit, replace, or upgrade agricultural pumps that operate less than 250 hour per year or retrofit, replace, or upgrade a nonroad engine that operates less than 500 hours per year.

Eligible Costs

Costs eligible for reimbursement under this program are those costs directly incurred by the participating project partner through the purchase of the eligible vehicle, engine, or equipment, including any applicable taxes and fees. All costs must be supported by appropriate documentation. The DNR retains the sole authority to determine eligible project costs.

Ineligible Costs

Costs ineligible for reimbursement include the following:

- Items purchased and/or installed before execution of award contract, or any other costs incurred prior to execution of the funding agreement.
- Installation costs, if performed by the applicant.
- Disposal costs for the replaced vehicle, equipment, or engine.
- Operation and maintenance costs.
- Infrastructure costs and optional accessories that are in addition to the basic unit

Cost-Share Requirements

Mandatory cost-shares are required for all projects that are not eligible for 100 percent reimbursement. Projects involving engine upgrades, certain idle reduction technologies, certified engine replacements, or certified vehicle/equipment replacements (as defined in Appendix A, attached) are subject to the DERA funding limits and mandatory cost-share requirements shown in the table below.

The “DERA Funding Limits” (percentages) shown below represent the maximum portion of the equipment costs that can be covered by the grant. The portion of the costs that exceed the DERA funding limits is referred to as the “mandatory cost-share” and is provided by the participating project partner (e.g., fleet or equipment owner). Mandatory cost-shares must be monetary and

federal funds from other federal grants may not be used. The DNR will reimburse participants, dependent on their project, up to the percentages outlined in the following table:

DERA Funding Limits and Minimum Mandatory Cost-Share Requirements

DERA Eligible Activities	DERA Funding Limits	Minimum Mandatory Cost-Share (Fleet Owner Contribution)
Exhaust Control Retrofit	100%	0%
Engine Upgrade / Remanufacture	40%	60%
Highway Idle Reduction bundled with Exhaust Control Retrofit	100%	0%
Stand-alone Highway Idle Reduction	25%	75%
Engine Replacement – Diesel or Alternative Fuel	40%	60%
Engine Replacement – Low NOx*	50%	50%
Engine Replacement – Zero Emission	60%	40%
Vehicle/Equipment Replacement – Diesel or Alternative Fuel	25%	75%
Vehicle/Equipment Replacement – Low NOx*	35%	65%
Vehicle/Equipment Replacement – Zero Emission	45%	55%

* Low NOx = certified to CARB's Optional Low-NOx Standards. Certified engines may be found be searching CARB's Heavy-Duty Low NOx website at: https://arb.ca.gov/msprog/hdlownox/hdlownox.htm.

Selection Process

Each project will be scored individually. Preference will be given to projects that are the most cost-effective, occur in areas that will maximize health benefits, and conserve fuel. Match contribution by an applicant above the required percentage will be an additional factor in scoring.

Award Timeline and Requirements

Applicants will be notified if selected for funding approximately 60 days after the application period closes. Applicants selected to receive funding will be required to execute a project funding agreement with the DNR. Upon execution of the agreement by the DNR, recipients must review, complete, and return the agreement and other required documents within 30 days of the award notification date. No actions related to the project, including the purchase of any vehicles, engines, equipment or technology, may occur prior to the execution of the agreement.

Following execution of the funding agreement, successful applicants will be expected to:

- Sign the funding agreement with the DNR and return it with a W-9 Taxpayer Identification Number Verification form and Affirmative Action Plan or exemption

documents (for awards of $50,000 or more). An authorizing resolution is also required for local governments and school district applicants (see "How to Apply," below).

- Purchase the approved engine, vehicle, or equipment and notify operators on proper use of the same.
- Within the time frame specified on the agreement, submit reimbursement request(s) with invoices, proof of payment, and other required documents by the date specified in the agreement (typically within 120 days of the agreement date). Note: if the recipient is delinquent in payment of Wisconsin taxes, payments under this grant may be levied by the State of Wisconsin (ss. 71.91 (4), (5) and (6), Wis. Stats).
- Submit reports by the dates specified in the agreement using a form supplied by the DNR.
- Properly dispose of the old engine, vehicle, or equipment. Proof of proper disposal (including specific photographs of the disabled engine and chassis as outlined in the award agreement) and proof of any income generated from disposal of replaced engine, vehicle, or equipment will also be required.
- Keep the funded engine, vehicle, or equipment for the remainder of its useful life.

Scrapping Requirements

The vehicle, engine, or equipment being replaced cannot be kept in fleet, traded or sold, and must be scrapped or rendered permanently disabled within ninety (90) days of being replaced. Scrapping requirements are:

- Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrappage methods may be considered but will require prior approval by DNR and EPA.
- Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles.
- Evidence of appropriate disposal is required, including digital photos of engine tag, the destroyed engine block, and cut frame rails or cut structural components, as applicable.
- Equipment and vehicle components that are not part of the chassis or engine may be salvaged or scrapped. If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, program income requirements apply.

How to Apply

Applicants may apply for funds for more than one DERA project. However, no applicant may request funds for more than one reduction strategy in a single grant application. To apply, applicants should complete the following documents. Unless noted, these materials are available at http://dnr.wi.gov/Aid/CleanDiesel.html:

- ☑ *Application Worksheet*
- ☑ *Price Quote Form*
- ☑ *EPA or CARB engine certificate of conformity*
- ☑ *Certification Statement Form*
- ☑ *Written approval from owner* (required only if applicant is not the owner of the eligible engines, vehicles, or equipment)

Application Worksheet

Please read carefully the "Form Instructions" tab on the worksheet. Applicants should fully complete the Application Worksheet and utilize the drop-down menus when provided for entries. This will facilitate proper completion of the form. If unable to complete the form electronically, applicants may submit a hard copy. If submitting a hard copy, the worksheet should be printed on legal sized paper (8.5" x 14").

Price Quote Form

Obtain written price quote(s) for the engines, vehicles or equipment you wish to retrofit, upgrade or purchase under this grant using the Price Quote Form. Award recipients must use a competitive process for obtaining products or services and conduct a price analysis to the extent required by federal, state or local requirements and prudent business practices. Purchases must be conducted in a manner providing free and open competition to the maximum extent practicable. This process should be used to obtain price quotes before applying to secure the best desired product and service at the lowest price.

EPA or CARB engine certificate of conformity

This certificate can be obtained from the vendor. Zero tailpipe emissions vehicles, engine replacements, and equipment do not require EPA or CARB certification.

Note for local government and school district applicants

If awarded, local government and school district recipients will be required to submit an authorizing resolution with the contract agreement to document which authorized representatives are handling each of the grant activities. Applicants in this category should consider routing resolution for signatures prior to applying for funding, as the award documents will need to be returned promptly if the project is selected.

Application Deadline

Completed applications and all required supporting materials must be emailed or postmarked by **January 3, 2020** to:

DNRCleanDiesel@wisconsin.gov

or

Wisconsin Department of Natural Resources
Clean Diesel Grant Program – AM/7
P.O. Box 7921
Madison, WI 53707-7921

Applications received after the deadline will be deemed ineligible and not reviewed. Incomplete applications may be rejected. Applicants who submit incomplete applications before the deadline will be notified and given time to correct by the deadline, as time permits.

Questions?

Michael Friedlander
(608) 267-0806
DNRCleanDiesel@wisconsin.gov

Appendix A: Eligible Projects

Additional information regarding the diesel emission reduction options listed below is available at nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100WK7X.pdf.

1. Diesel Engine Retrofit Technologies

Diesel engine retrofits include pollution control devices installed in the exhaust system, such as diesel oxidation catalysts (DOCs) and diesel particulate filters (DPFs), or systems that include closed crankcase ventilation filtration systems. These are one of the most cost-effective solutions reducing diesel engine emissions.

Funding Restrictions: DERA funding can cover up to 100% of the cost (labor and equipment) for an eligible verified diesel engine retrofit technology. The eligible cost of retrofits includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional, including related labor expenses. Examples of eligible retrofit costs include, but are not limited to: DPF cleaning machines, spare DPFs for maintenance rotation, replacement CCV filters, mechanic training, and filter cleaning contracts.

The type(s) (e.g., DOC, DPF, etc.) of diesel engine retrofit technology being proposed must be included on the list of EPA verified diesel engine retrofit technologies (www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel) or California Air Resources Board (CARB) verified diesel engine retrofit technologies (www.arb.ca.gov/diesel/verdev/vt/cvt.htm) for the specific vehicle/engine application specified at the time of application submission to the DNR. To be eligible for funding,t he actual engine retrofit technologies used by the grant recipient must be specifically named on EPA or CARB's Verified Technologies lists at the time of acquisition and used only for the vehicle/engine applications specified on the list.

If DPF is the diesel engine retrofit technology being proposed, it is highly recommended that the applicant consult with retrofit suppliers to confirm that the proposed vehicles/engines and their duty-cycles are good candidates for DPFs.

See Table 1 for additional information on the eligibility of verified diesel engine retrofit technologies for transit and school buses.

See Table 2 for additional information on the eligibility of verified diesel engine retrofit technologies for nonroad engines.

2. Engine Upgrades and Remanufacture Systems

Generally, an engine upgrade involves the removal of parts on an engine during a rebuild and replacement with parts that cause the engine to represent an engine configuration which is cleaner than the original engine.

Some nonroad engines can be upgraded to reduce their emissions by applying manufacturer upgrades that are diesel engine retrofits currently verified by EPA or CARB as a package of

components demonstrated to achieve specific levels of emissions reductions. Engine upgrades may not be available for all engines, and not all upgrades may achieve an emissions benefit.

Funding Restrictions:
DERA funding can cover up to 40% of the cost (labor and equipment) of an eligible nonroad engine upgrade. To be eligible for funding, the upgrade must either be a verified retrofit as described above, or a certified remanufacture system that will result in a significant emissions benefit by rebuilding the engine to a cleaner engine configuration. For an engine to be eligible for an upgrade, the engine must be currently operating and performing its intended function.

If a certified remanufacture system is applied at the time of rebuild, funds under this award cannot be used for the entire cost of the engine rebuild, but only for the cost of the certified remanufacture system and associated labor costs for installation.

A list of eligible, EPA verified engine upgrade technologies is available at: www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel. Engine upgrades proposed for funding under this category must exist on one of these lists for the specific vehicle/engine application specified in the application at the time of application submittal to DNR.

3. Engine Replacement

Engine replacement includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or an alternative fuel (e.g., gasoline, CNG, propane), diesel engine replacement with a zero tailpipe emissions power source (grid, battery or fuel cell*), and/or diesel engine replacement with an electric generator(s) (genset). Zero tailpipe emissions engine replacements do not require EPA or CARB certification.

The eligible cost of engine replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional, including related labor expenses. Charges for equipment and parts on engine replacement projects are only eligible for funding if they are included in the certified engine configuration and/or are required to ensure the effective installation and functioning of the new technology but are not part of typical vehicle or equipment maintenance or repair. Examples of ineligible engine replacement costs include, but are not limited to: tires, cabs, axles, paint, brakes, and mufflers. For engine replacement with battery, fuel cell, and grid electric, examples of eligible engine replacement costs include, but are not limited to: electric motors, electric inverters, battery assembly, direct drive transmission/gearbox, regenerative braking system, vehicle control/central processing unit, vehicle instrument cluster, hydrogen storage tank, hydrogen management system, fuel cell stack assembly, and the purchase and installation of electrical infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity, and operation and maintenance costs.

*Hydrogen fuel cells are only eligible for engine replacements for eligible urban transit buses and shuttle buses.

Funding Restrictions:

- **Nonroad Diesel Vehicles and Equipment:**
  - Funding can cover up to 40% of the cost (labor and equipment) of replacing a diesel engine with a 2019 model year or newer engine certified to EPA emission standards. Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to the engine in EMY 2019. Nonroad engine emission standards are on EPA's website at: www.epa.gov/emissionstandards-reference-guide/epa-emission-standards-nonroad-engines-and-vehicles.
  - Funding can cover up to 60% of the cost (labor and equipment) of replacing a diesel engine with a zero tailpipe emissions power source.

See Table 2 for additional information on the eligibility of engine replacements for nonroad engines.

- **Diesel Transit and School Buses**
  - Funding can cover up to 40% of the cost (labor and equipment) of replacing a diesel engine with a 2016 model year or newer engine certified to EPA emission standards. Highway engine emission standards are on EPA's website at: www.epa.gov/emission-standards-reference-guide/epa-emission-standards-heavy-duty-highway-engines-and-vehicles.
  - Funding can cover up to 50% of the cost (labor and equipment) of replacing a diesel engine with a 2016 model year or newer engine that is certified to CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php.
  - Funding can cover up to 60% of the cost (labor and equipment) of replacing a diesel engine with a zero tailpipe emissions power source.

See Table 1 for additional information on the eligibility of engine replacements for transit and school buses.

5. Vehicle and Equipment Replacements

Nonroad and highway diesel vehicles and equipment can be replaced under this program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and use engines certified by EPA and, if applicable, CARB to meet a more stringent set of engine emission standards. Replacement includes, but is not limited to, vehicles and equipment that are: newer, cleaner diesel, zero tailpipe emission (grid, battery or fuel cell), hybrid, or alternative fuel (e.g., gasoline, CNG, propane). Zero tailpipe emissions vehicles and equipment do not require EPA or CARB certification.

The eligible cost of a vehicle/equipment replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional. The cost of additional "optional" components or "add-ons" that increase the cost of the vehicle may not be eligible for funding under the grant; the replacement vehicle should resemble the replaced vehicle in form and function. For grid electric powered equipment replacements, examples of eligible replacement costs include, but are not limited to, the purchase and installation of electrical

infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity, and operation and maintenance costs.

Funding Restrictions:

- **Nonroad Diesel Vehicles and Equipment:**
  - Funding can cover up to 25% of the cost of a replacement nonroad vehicle or piece of equipment powered by a 2019 model year or newer engine certified to EPA emission standards. Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2019. Nonroad engine emission standards are on EPA's website at: www.epa.gov/emission-standards-reference-guide/epa-emissionstandards-nonroad-engines-and-vehicles.
  - Funding can cover up to 45% of the cost of a new, zero tailpipe emissions nonroad vehicle or piece of equipment.

See Table 2 for additional information on the eligibility of vehicle and equipment replacements for nonroad engines.

- **Diesel Transit and School Buses**
  - Funding can cover up to 25% of the cost of a replacement vehicle powered by a 2016 model year or newer engine certified to EPA emission standards. Highway engine emission standards are on EPA's website at: www.epa.gov/emission-standardsreference-guide/epa-emission-standards-heavy-duty-highway-engines-and-vehicles.
  - Funding can cover up to 35% of the cost of a replacement vehicle powered by a 2016 of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php.
  - Funding can cover up to 45% of the cost of a new, zero tailpipe emissions replacement vehicle.

See Table 1 for additional information on the eligibility of vehicle and equipment replacements for transit and school buses.

Table 1: Transit and School Buses Funding Restrictions

Current Engine Model Year (EMY)	DOC +/- CCV	DPF	SCR	Verified Idle Reduction	Vehicle or Engine Replacement: EMY 2016+	Vehicle or Engine Replacement: EMY 2016+ Zero Emission or Low-NO_x
older - 1995	No	No	No	No	No	No
1996 - 2006	Yes	Yes	Yes	Yes	Yes	Yes
2007 - 2009	No	No	Yes	Yes	Yes	Yes
2010 - newer	No	No	No	Yes*	No	Yes

* Auxiliary Power Units and generators are not eligible on vehicles with EMY 2007 or newer.

Table 2: Nonroad Engine Funding Restrictions

Current Engine HP	Current Engine Model Year (EMY) and Tier	Vehicle/Equipment Replacement: EMY 2019+					Verified Retrofit
		Compression Ignition			Spark Ignition	Zero Emission	
		Tier 0-2	Tier 3-4i	Tier 4	Tier 2		
0-50	2006 and Newer; Unregulated – Tier 2	No	No	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
Current Engine HP	**Current Engine Model Year (EMY) and Tier**	**Engine Replacement: EMY 2019+****					**Verified Engine Upgrade**
		Compression Ignition		**Spark Ignition**	**Zero Emission**		
		Tier 0-3	**Tier 4**	**Tier 2**			
0-50	2006 and Newer; Unregulated – Tier 2	No	Yes	Yes	Yes		Yes
51-300	1996 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes		Yes
301-750	1986 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes		Yes
751+	1986 and Newer; Tier 0 – Tier 2	No	Yes	Yes	Yes		Yes

*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2019 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).
**Previous engine model year engines may be used for engine replacement if the engine is certified to the same emission standards applicable to EMY 2019.